2003

ANNUAL REPORT

COMAPLEX

MINERALS CORP

CORPORATE PROFILE

Comaplex Minerals Corp. is a junior resource company that explores for precious and base metals. The Company's business strategy is to generate the majority of its prospects internally, acquire properties in geologically favorable areas, and conduct appropriate exploration programs to develop their economic potential. Comaplex has focused its efforts on areas where it can obtain large tracts of land that have numerous exploration targets.

To support its mineral exploration activities, the Company has invested in producing oil and gas properties. Cash flow generated from these properties is used to pay general and administrative expenses and assist in financing mineral property acquisitions and exploration programs.

Comaplex's common shares trade on The Toronto Stock Exchange under the symbol CMF.

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NOTICE OF ANNUAL GENERAL MEETING The Annual General Meeting of Shareholders will be held on Wednesday, June 16, 2004, in the Lakeview Endrooms, at the Westin Hotel, 320 Fourth Avenue S.W., Calgary, Alberta, at 1:00 P.M. (Calgary time).

The Company is pleased to report its operational and financial results for 2003. During the year the Company was successful in completing its objective to assist WMC Limited (WMC) to dispose of its Meliadine West interest. We are pleased that an arrangement was completed whereby Comaplex ended up with the 56 percent that had been owned by WMC's Canadian subsidiary and can now, as the operator, control the programs and timing for the advancement of the project.

The Company has sufficient working capital to finance an aggressive program for at least the next one and one half years for the Meliadine project and for work programs on its various other projects.

Meliadine West Property

Some of the main terms and benefits of the WMC transaction are as follows:

- Comaplex's participating interest in Meliadine West increased from 22 percent to 78 percent.
- Comaplex received an approximately $13 million receivable that will be payable to Comaplex from cash flow from this property.
- Comaplex received approximately $64 million tax pools, of which about 50 percent were unsuccessored.
- Comaplex become operator.
- Comaplex paid US $6.75 million in cash and issued 5.2 million shares from treasury for the transaction. That equates to an approximate 14 percent ownership in Comaplex by WMC.
- Under the terms of the 1995 agreement amongst WMC, Comaplex and Cumberland Resources Limited (Cumberland), Comaplex will now be the entity that carries Cumberland to production and then recovers these expenditures along with the $13 million referred to above plus interest on both of these items from 94 percent of cash flow from the property. After payout and exercise of a two percent option, the Company will receive 80 percent of cash flow.

The short and medium term plans for the project are as follows:

- Complete a geological re-interpretation of the deposit in conjunction with a scoping level re-calculation of the mineral resources by May 15, 2004.
- Design a 2004 program that will assist in determining whether a combination of open pit and underground mining operations are best suited for future development of this property.
- The 2004 program will consist of drilling in the Tiriganiaq deposit that will likely be designed to assist in defining open pit parameters, infill drilling to move inferred resources to the indicated category, and to provide confirmation of metallurgy. Drilling will also be conducted on other known deposits that are close to the Tiriganiaq deposit and on sparsely tested other targets on the property.
- During the summer regulatory approval will be applied to get approval to remove the approximately five to eight meters of overburden to expose bedrock on the planned open pit location so that a trenching program can be conducted to obtain additional information to assist in confirming probable grades of gold. Subject to regulatory approval, contracts will be granted to move the required heavy equipment to the location so that the trenching can be completed in the first quarter, 2005.
- During the second and third quarters of 2004, Comaplex will be proceeding with detailed studies to more accurately estimate capital costs for a mining facility and cash costs to mine and process the ore.
- Studies that have already been completed for feasibility will be made current if necessary and additional studies that are required will be proceeded with.
- The collaring and driving of an exploration decline is also being considered for 2005.

- Comaplex is presently using the services of major consulting and engineering firms and is presently negotiating terms with a heavy equipment and construction contractor and various other specialized consultants to assist with these plans.

From the plans listed above it is obvious that we are taking a cautious, but very aggressive approach towards the advancement of this property. Completion of the above listed projects will provide the map that is required to make a final determination with regard to how we proceed with this property.

Other Mineral Property Activities

The Company is continuing with exploration programs on other properties. A spring drill program will be conducted on the Caballo Blanco gold property in Mexico and various other programs will be conducted on other properties throughout 2004. Most of the programs will be conducted on gold and diamond properties. The Company will also be optioning some of its properties to other companies and is attempting to add to its existing portfolio of properties by conducting internal research and acquiring land from this research and by earning interests in properties that are presently owned by other mineral companies by committing to capital expenditures on these properties.

Financial Oil and Gas Operations

Cash flow from operations increased to $2,384,000 in 2003 compared to $2,164,000 in 2002. The Company had net earnings of $2,710,000 in 2003 compared to $394,000 in 2002. The main reasons for the increase in net earnings are due to an approximate $400,000 increase in revenue from oil and gas operations, a reduction in the abandonment costs of mineral properties of approximately $1,200,000 and an increase on gains on sale of investments of approximately $1,050,000. Working capital (prior to giving any recognition to capital appreciation on investments) was approximately $7,850,000 at year-end.

Outlook

Management is excited about the potential with regard to the Meliadine West property. It is one of the best-advanced exploration properties in North America. Its proximity to the town of Rankin Inlet provides for a stable work force, housing facilities, an airport for all types of aircraft that may be required for the project, tide water so that we can obtain equipment and materials by ship from anywhere in the world and a Territorial Government that is very much in favor of mining development.

As outlined earlier Comaplex will proceed cautiously, but aggressively to advance the project. The Board of Directors and management will continue to assess this project to determine the process that will most benefit our shareholders in the future.

We wish to thank the shareholders for their continued support and the staff for their contributions in 2003. The Directors and management also wish to take this opportunity to thank Mr. Murray Pyke, who retired from the Board in 2003, for his many years as a senior executive and Director for the Company. His contribution over the years has been greatly appreciated.

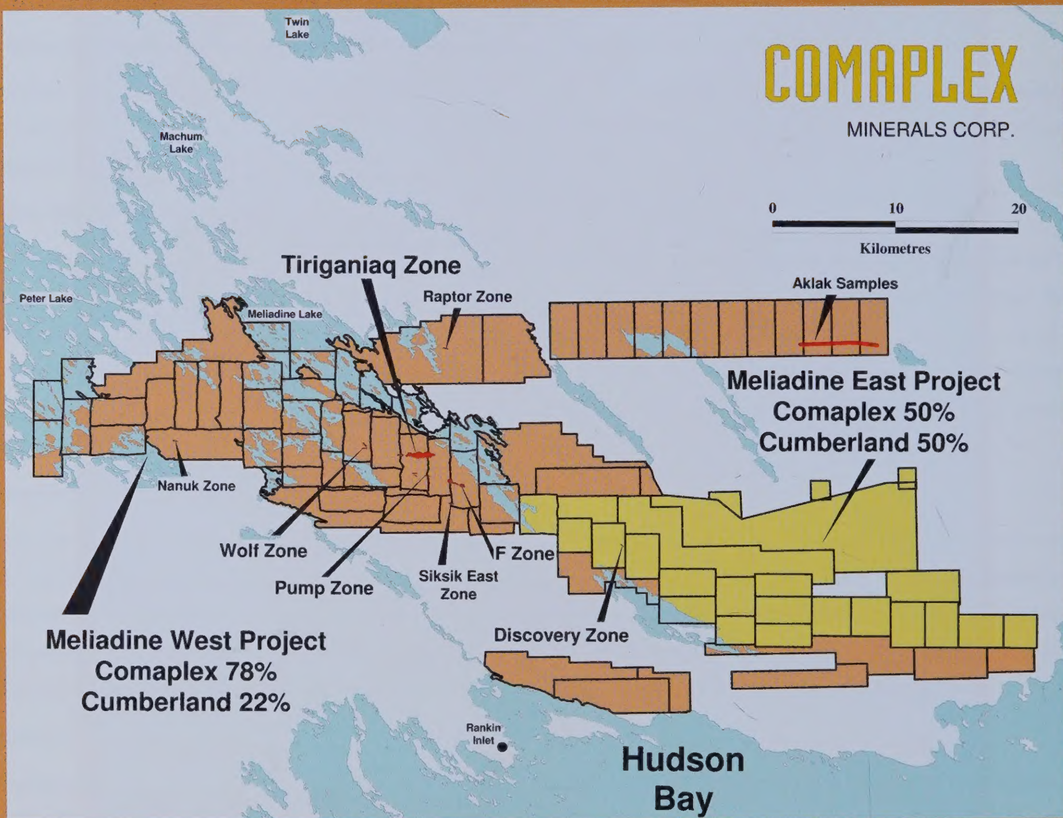
Submitted on behalf of the Board of Directors.

George F. Fink
President, C.E.O. and Director

Meliadine West Project (gold), Nunavut

In a deal that was announced on July 16, 2003 and closed on October 7, 2003, Comaplex entered into an agreement with WMC Resources Ltd. (WMC Resources) to merge WMC Resources Canadian subsidiary, WMC International Limited (WMC), with Comaplex. This transaction involved WMC Resources receiving US $6.75 million in cash from the Company and 5.2 million shares of Comaplex. In return, this resulted in Comaplex taking control of 100 percent of WMC's Canadian exploration properties, including WMC's 56 percent interest in the Meliadine West property in Nunavut Territory. Comaplex now owns a 78 percent interest in the property, with the option to buy an additional two percent from joint venture partner, Cumberland Resources Ltd. (Cumberland), who retains a 22 percent carried interest in the project.

Prior to this deal, WMC had spend in excess of $62 million on the property since becoming operator in 1995. Total 2003 expenditures on the project (net of the $1 million option payment to the two partners) were $2.48 million. This included a $2.07 million summer drill program on Meliadine West. A total of 5,420 meters in 19 holes tested three previously undefined areas of the Tiriganiaq deposit that assayed up to 33.7 grams per tonne (gmt) gold over 10.8 meters (including 59.5 gmt over 5.8 meters).



Meliadine Property

Ownership: *Meliadine West*: 78% Comaplex, 22% Cumberland. *Meliadine East*: 50% Comaplex, 50% Cumberland.

Geology: Shear hosted lode gold in Archean greenstone.

Current Focus: Move Meliadine West into a feasibility study.

With the completion of the WMC merger, Comaplex is now the operator of the Meliadine West property and has been aggressively acquiring and compiling all of the data from the last eight years of exploration by WMC. The objective is to move the property towards a feasibility study as quickly as possible. Comaplex is investigating the potential of developing the Tiriganiaq deposit with an open pit development project on the shallow high-grade section of the deposit and underground operations for the deeper resources.

Determination of this potential involves an on-going geological re-interpretation of the deposit in conjunction with a scoping level re-calculation of the mineral resources in the deposit. Previous resource calculations by WMC (October 2000) concluded that the Tiriganiaq deposit hosts an inferred resource of 2,700,000 ounces of gold. The goal is to develop the Tiriganiaq deposit first, as a stand-alone operation, with any potential resources from the outlying satellite deposits contributing mine life in future years.

In the short term, plans for a significant summer exploration program are being finalized. Diamond drilling will take place in and immediately adjacent to the Tiriganiaq deposit. This drilling will likely include drilling for metallurgical and pit definition, infill drilling to move inferred resources to the indicated category, and exploration drilling on the sparsely tested West Tiriganiaq part of the deposit. The field exploration program will commence in June and is designed to provide valuable information that will be required to move Tiriganiaq towards a feasibility study and also to explore other high potential targets on the property.

Considerable effort over the first half of 2004 will be directed towards a determination of the possible requirement for, and timing of, an exploration level stripping and trenching program and/or the collaring and driving of an exploration decline in 2005. Mobilization of heavy equipment into Rankin Inlet to facilitate this work will be considered during this summer's shipping season. Comaplex is contracting the services of a major engineering company, a prominent heavy equipment and construction contractor, and various other specialized consultants to assist with these plans.

The proximity of the Tiriganiaq deposit to Rankin Inlet is a tremendous logistical and strategic advantage in the development of a potential mine on the property. Discussions with local businesses and various governmental agencies are on-going to develop synergies and cost saving strategies that will have very significant positive benefits on capital expenditures for the project.

Comaplex is excited about the potential of the Meliadine West project and is making every effort to complete the ongoing studies, regulatory approvals, and field programs as quickly as possible to move the property towards feasibility.

Meliadine West Camp

Meliadine East Property (gold), Nunavut

The Meliadine East property is a 50-50 joint venture with Cumberland. Although this property is generally recognized as a gold property, it also is prospective with regard to exploration for diamonds and the 2003 field program focused mainly on diamond exploration. On the basis of strong kimberlite indicator mineral chemistry and distinct magnetic anomalies identified in 2002, the joint venture completed a $625,000 diamond drill program in the spring of 2003. A total of 1,650 meters in 16 holes were completed on 12 different magnetic targets of varying geophysical response. Kimberlite was intersected in 14

of the 16 holes completed. The kimberlite core is interpreted as macrocrystic hypabyssal facies kimberlite and heterolithic wall-rock breccias. Of 10 samples submitted for caustic fusion analysis, only one sample returned three micro-diamonds; the other nine samples were barren. Additional magnetic targets remain to be tested.

The joint venture partners have, to date, not planned any field exploration this summer on the Meliadine East property, but will be closely monitoring the results of the $9.5 million diamond exploration programs proposed for the Churchill and Churchill West properties located north of, and contiguous with, the Meliadine property. Meliadine East currently hosts an inferred resource of approximately 300,000 ounces of gold in the Discovery Zone (Simons 1996 scoping study). The joint venture concluded that there would not be a gold exploration program conducted in 2004. Information from exploration programs being conducted on Meliadine West will be used in the future to assist in determining future programs for this property.

Noomut Project (gold), Nunavut

Drilling at Noomut

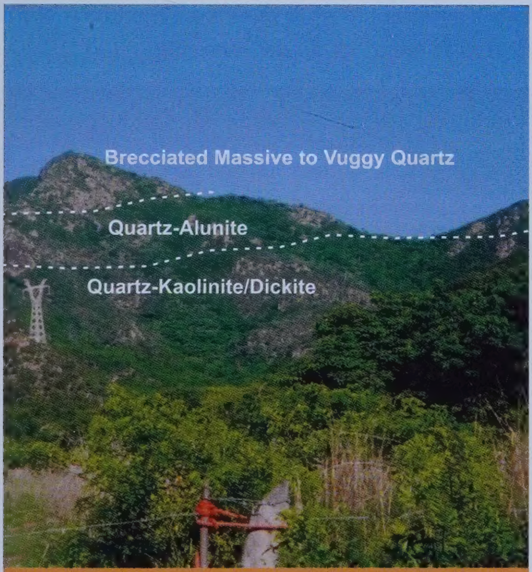
During the 2003 summer field season, Placer Dome (CLA) Limited (Placer) funded a $775,000 exploration program on the Noomut property as part of its commitment in the second year of an option on the project. The program, executed by Comaplex under a management contract with Placer, consisted of mapping, geochemistry, IP surveying, and diamond drilling. A total of 12 drill holes (1,766 meters) were completed on a number of targets in the Yandle Area. The best drill results from the 2003 program were 17.5 gmt gold over 1.25 meters and 2.5 gmt gold over 2.8 meters in hole DDHY2003-50. Additional favorable drill targets are present on the east margin of the Yandle Zone on the Noomut property.

In February of 2004, Placer informed Comaplex that it will not be continuing with its option on the Noomut property having spent in excess of $1.85 million over the last two years. Additional drill targets are present and Comaplex is presently discussing the property with several parties who have expressed interest in the project.

Caballo Blanco Property (gold), Mexico

Comaplex is presently in the second year of a four year option with a junior mineral company to earn a 60 percent interest in the Caballo Blanco gold property in eastern Mexico by incurring exploration expenditures of US $2.0 million. The property is located on the Gulf Coast of Mexico and is extremely well situated with the Pan-American highway running through the east end of the property and ready access to power and logistics.

Comaplex spent $425,000 in three separate field programs on the property in 2003. The work included extensive geological and alteration mapping (PIMA spectrometer) to define the feeder zones to the extensive alteration zones on the property. Two distinct areas of high sulphidation type vuggy silica were identified – the Northern and the Highway zones. Geochemical sampling of the zones has recovered ore grade material (0.7-1.5 gmt gold) in each. Subsequent IP surveying over the anomalies indicates each zone is cored by very high resistivities (massive to vuggy silica) and low chargeabilities (oxidized sulphide). This favorable combination, in conjunction with highly anomalous gold values, is very encouraging.



Caballo Blanco

Comaplex is presently building roads to both sites (tops of mountains) with the intent of completing a minimum of 3,000 meters of diamond drilling to test the two targets in the first half of 2004. Additional zones of extensive vuggy silica have been identified and also will be followed up in the 2004 campaign.

Roche Bay Project (diamonds, nickel, copper, PGE), Nunavut

The Roche Bay property is located in the center of Melville Peninsula. While originally acquired as a nickel, copper, and platinum group (PGE) target, the area has quickly evolved as a major diamond exploration play. The Aviat project in this area by BHP and Stornoway has resulted in a large amount of staking and permitting.

Comaplex is planning a field exploration program of till sampling and prospecting for the 2004 season that will evaluate the property for its diamond potential. Cost of the program is estimated at $75,000 and will be completed in conjunction with the diamond work on Southampton Island.

Southampton Island (diamonds), Nunavut

Favorable results from a 2003 regional diamond exploration program by Comaplex has resulted in the acquisition of a 100 percent interest in 292,750 acres of permits on Southampton Island, located directly south of Melville peninsula in Nunavut Territory. A $135,000 surface exploration program is proposed for evaluating the permits this summer. Details for the program are being finalized.

Other Properties

Comaplex has retained the services of a full time consulting geologist to actively look for high potential mineral properties in Canada and the Americas. This search is ongoing and is intended to increase the Company's property portfolio and enhance its exposure to quality projects.

Comaplex has numerous other mineral exploration properties located in Ontario, Nunavut, and the Northwest Territories that are at various stages of preliminary exploration and option. Recently, Comaplex optioned the Thorneloe gold property situated near Timmins Ontario, to the Porcupine Joint Venture (Placer Dome and Kinross). The deal involves $2.5 million in expenditures and $240,000 in payments over 5 years, plus an NSR interest, for a 100 percent undivided interest in the property. Comaplex presently has a 77.5 percent interest in the property, and will retain this proportionate interest in an NSR ranging from two percent at greater than $400US gold to 3 percent at great than $500US gold.

General

Comaplex's approach of funding mineral exploration through the profits of oil and gas production is unique within the mineral industry. The cash flow provided by its petroleum interests allow the Company to aggressively pursue quality mineral properties through both internal generation of prospects and through the optioning of quality, early stage exploration plays. Comaplex will continue to acquire and explore early stage exploration projects as it develops the Meliadine West project.

This report dated March 31, 2004 is a review of the operations, current financial position and outlook for the Company and should be read in conjunction with the audited financial statements for the year ended December 31, 2003, together with the notes related thereto.

Annual Financial and Operational Hightlights

Financial ($000, except $ per share)	2003	2002	2001
Net Revenue			
Mineral Division	**919**	941	848
Oil and Gas Division	**2,205**	1,818	2,914
Cash Flow from Operations (1)	**2,384**	2,164	3,145
Per Share Diluted	**0.08**	0.07	0.11
Net Earnings	**2,710**	394	968
Per Share Diluted	**0.09**	0.01	0.03
Capital Expenditures and Acquisitions			
Mineral Division	**17,227**	767	1,139
Oil and Gas Division	**320**	32	96
Total Assets			
Mineral Division	**33,392**	16,360	15,240
Oil and Gas Division	**4,578**	4,195	4,516
Oil and Gas Operations			
Barrel of Oil Equivalent per Day (2)	**244**	294	335

(1) Cash flow from operations is a non-GAAP measure that represents cash generated from operating activities before changes in non-cash working capital. Cash flow from operations may not be comparable to similar measures used by other companies.

(2) BOE's are calculated using a conversion ratio of 6 MCF to 1 barrel of oil. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading if used in isolation.

Quarterly Financial and Operational Hightlights

Financial ($000, except $ per share)	2003				2002			
	4TH	3RD	2ND	1ST	4TH	3RD	2ND	1ST
Revenue								
Mineral Division	**53**	**158**	**120**	**588**	122	147	113	559
Oil and Gas Division	**462**	**565**	**538**	**640**	621	447	396	354
Cash Flow from Operations	**340**	**516**	**447**	**1,081**	684	455	365	660
Per Share Diluted	**0.01**	**0.02**	**0.02**	**0.03**	0.02	0.02	0.01	0.02
Net Earnings (Loss)	**899**	**753**	**447**	**611**	(107)	145	(48)	404
Per Share Diluted	**0.03**	**0.02**	**0.02**	**0.02**	(0.01)	0.01	(0.00)	0.01
Capital Expenditures and Acquisitions								
Mineral Division	**16,175**	**302**	**531**	**219**	420	219	79	49
Oil and Gas Division	**168**	**55**	**28**	**69**	33	17	1	(19)
Oil and Gas Operations								
Barrel of Oil Equivalent per Day	**216**	**242**	**251**	**268**	305	268	302	303

Result of Operations

Business Synopsis

Comaplex Minerals Corp.'s principal business is the exploration and development of both base and precious metal properties. The Company, however, also has interests in four, non-operated, oil and natural gas producing properties that provide operating cash flow to cover administrative costs, mineral property acquisition costs and grass roots exploration activities. Comaplex's management has no immediate plans to acquire additional interests in other oil and natural gas properties.

Revenue

Mineral Properties

Gross revenue from the Company's mineral properties totalled $919,216 in 2003 compared to $940,917 in 2002. Current year revenue consists primarily of a $500,000 (2002 - $500,000) option payment related to the Meliadine West property, $335,633 (2002 - $300,575) of interest income and $83,583 (2002 – $113,188) of consulting income. Interest income is higher in 2003 due to higher interest rates in 2003 than in 2002. Consulting income has decreased due to a smaller program performed for Placer Dome on the Noomut property in 2003 than in 2002. Subsequent to the completion of the 2003 program Placer Dome has dropped its option on the Noomut property and consequently its services agreement has expired.

Petroleum and Natural Gas

Revenue from the Company's petroleum and natural gas properties, net of royalties increased from $1,998,519 in 2002 to $2,143,154 in 2003. Natural gas prices increased to $5.64 in 2003 from $3.98 in 2002. Production volume decreased approximately 17 percent due to natural production declines of approximately 12.5 percent plus a major shut-in for about a month in the fourth quarter of about 40 percent of the Company's production. The shut-in was required to tie-in the production from the Garrington Elkton area into the Harmatten Elkton plant. Processing natural gas through one plant rather than two should result in operating efficiencies and a reduction in future processing costs.

Comaplex is eligible for a partial rebate on all of the Alberta Crown royalties that it pays. This rebate program (the Alberta Royalty Tax Credit) provided the Company with total credits of $186,374 in 2003 compared to $127,539 in 2002.

Other income for 2003 and 2002 consists primarily of distributions from trust holdings in a petroleum and natural gas energy trust. The increase of $144,346 is due to the Company more than doubling its investment in trust holdings during the year.

Expenses

Mineral Properties – General and Administrative

General and administrative expenses related to mineral exploration increased to $643,315 in 2003 from $531,922 in 2002. Total minerals division general and administrative expenses prior to capitalization were $925,839 compared to $773,660 in 2002. The Company capitalized $282,525 (2002 - $241,738) of general and administrative expenses directly related to the Company's mineral exploration activities.

The increase in expenses was partially due to an increase in the management administration and accounting fee paid by the Company to $25,000 per month from $10,000 per month effective July 1, 2003. The increase was due to increased time requirements for the negotiation and completion of the WMC International Limited transaction whereby the Company increased its holdings in the Meliadine West property from 22 percent to 78 percent and various other increased management time requirements in 2003. In addition, the Company has a bonus plan equal to five percent of before tax earnings resulting in additional employment compensation expense of $125,100 over 2002. These increases were offset by general reductions in most other corporate overhead categories.

Petroleum and Natural Gas Properties – Production Costs

Comaplex incurred $376,396 in petroleum and natural gas operating costs in 2003 compared to $415,930 in 2002. On a barrel of oil equivalent basis using a conversion of 6 MCF of gas to 1 barrel of crude oil, average operating costs were $4.22 in 2003 compared to $3.87 in 2002.

Petroleum and Natural Gas Properties – General and Administrative Costs

General and administrative costs increased from $60,000 to $62,500 due entirely to costs incurred in 2003 for engineering assistance on evaluating the Company's petroleum and natural gas properties for annual reporting purposes. The Company continues to have nominal general and administrative costs relative to its petroleum and natural gas operations as it does not operate any of its petroleum and natural gas properties.

Depletion, Depreciation and Abandonment

Mineral Exploration – Abandonment of Claims

Abandonment of mineral properties decreased to $440,332 from $1,646,976 in 2002. The current year provision includes a write-down of $131,777 relating to properties where management has considered, based on the emerging issue committee abstract number 126, that the capital cost previously recorded is in excess of its probable realizable value. The remaining amount of $308,555 relates to costs remaining on the Company's Noomut property which was written off due to Placer Dome terminating its option agreement on this property prior to year end. The Company's policy with regard to abandonment provision is to reduce the carried value of properties if management determines prior capitalized costs are greater than realizable value.

Petroleum and Natural Gas

The Company follows the successful efforts method of accounting for petroleum and natural gas exploration and development costs. Under this method, the costs associated with dry holes are charged to operations. For intangible capital costs that result in the addition of reserves, the Company depletes its oil and natural gas intangible assets using the unit-of-production basis by field. The Company believes that successful efforts method of accounting provides a more accurate cost of the producing properties than the alternative measure of full cost accounting.

For tangible assets such as well equipment, a life span of ten years is estimated and the related tangible costs are depreciated at one-tenth of original cost per year. The use of a ten year life span instead of calculating depreciation over the life of reserves was determined to be more representative of actual costs of tangible property. Given the Company's long production life, wells and plants generally require replacement of some tangible assets more than once during their production life.

Provisions are made for abandonment and future site restoration based on management's estimation of abandonment requirements using current costs and amortized on a unit-of-production basis by field. Effective January 1, 2004, the Company is required to change how it reports its future site restoration. Under the new accounting rules a discounted estimate of the total abandonment and site reclamation costs using escalating cost assumptions is required to be recorded with an offset to the cost of the related intangible assets. The adjustment to the intangible assets will be depleted as per the above discussion. The change will be retroactively applied but the Company will not be required to adjust its previously reported amounts. The impact to the Company's 2003 and prior years financial statements will be reported in the Company's first quarter report, as follows:

$	Increase (Decrease)
Opening deficit (Jan 2003)	22,228
Future site restoration	(875)
Fixed assets	186,928
Accumulated depletion	130,483
Accretion expense	9,834
Depletion expenses	(89,382)

These calculations require an estimation of the amount of the Company's petroleum reserves by field. This figure is calculated annually by an independent engineering firm and any adjustments are used to recalculate depletion and future site restoration. This calculation is to a large extent subjective. The extent of reserves is affected by economic assumptions as well as estimates of petroleum products in place and methods of recovering those reserves. To the extent reserves are increased or decreased depletion costs will vary.

Depletion, depreciation and provision for future site restoration and abandonment related to oil and gas assets was $657,191 in 2003 compared to $516,291 in 2002. The increase was due to a .9 BCF reserve adjustment in the Company's proved reserves on the Granta Makepeace property. The adjustment was due to lower than anticipated production from the shallow gas wells drilled by the Company in 2000.

Gain on Sale of Investments

The Company reported a gain on sale of investments of $1,671,952 in 2003 compared to $528,990 in 2002. The gain in 2003 resulted from the sale of shares that the Company holds in various other public minerals companies. The Company continues to hold interests in various public entities. The interests held almost exclusively trade on the TSX. As at December 31, 2003 the investments had a fair market value of $7,571,043 (2002 - $5,128,136) and a cost of $1,628,408 (2002 - $717,682).

Income Taxes

The Company's current income tax expense of $34,950 consists entirely of a provision for large corporation capital tax. The Company has sufficient tax pools to ensure that no current income taxes are payable.

The Company has adopted the tax payable method of accounting for income taxes under which the income tax provision is based on the temporary differences in the accounts calculated using income tax rates expected to apply in the year in which the temporary differences will reverse. Future income tax expense of $217,840 was incurred in 2003 compared to $119,905 in 2002.

On October 7, 2003 Comaplex completed its transaction with WMC International Limited. This transaction resulted in the Company acquiring approximately $30,750,000 of tax pools which are available for deduction by Comaplex at a rate of 30 percent per year. In addition, the Company acquired approximately $33,250,000 of additional deductions that are deductible against income derived from the Company's acquired Meliadine interest. Due to this transaction, the Company was able to book a future tax asset in the amount of $6,844,500.

The tax pool balances at the end of 2003 totalled $65,012,544 and consist of the following pool balances.

	Rate of Utilization %	Amount ($)
Undepreciated capital costs	10 – 100	533,550
Foreign exploration expenses	10	1,101,545
Share issue costs	20	241,363
Earned depletion expenses (successored)	25	2,299,198
Canadian development expenses	30	21,061,844
Non-capital loss carryforward	100	6,786,485
Canadian exploration expenses (successored)	100	31,036,240
Canadian exploration expenses	100	1,952,319
		65,012,544

The ability to claim the above successored amounts is restricted to income from 56 percent of the Meliadine property obtained in the transaction with WMC International Limited.

Net Earnings

The Company earned $2,709,622 in 2003 compared to $393,734 in 2002. The increase in net earnings was due primarily to an increase in gain on sale of investments as well as a reduction in the provision for abandonment of mineral properties.

The Company continues to hold a significant amount of marketable investments that have a value in excess of their recorded amounts. In addition, high commodity prices continue to generate significant oil and gas earnings. However, with the WMC transaction , Comaplex will no longer receive the $500,000 option payment each year.

Cash Flow from Operations

Cash flow from operations increased from $2,163,847 in 2002 to $2,383,922 in 2003. Cash flow from operations is a non-GAAP measure that represents cash generated from operating activities before changes in non-cash working capital. Cash flow from operations may not be comparable to similar measures used by other companies. Petroleum and natural gas operations generated most of the cash flow. Increased commodity prices offset partially by natural production declines was the principal reason for increased cash flow. The Company is still in the exploration and preliminary development stage with its mineral properties, and therefore, these properties generate minimum cash flow.

Liquidity and Capital Resources

Management of Comaplex is pleased with the current financial position of the Company and believes that it is one of the strongest in the junior mineral sector. At December 31, 2003, the Company had a working capital position of $7,840,556 (2002 - $11,049,302) without adjusting for the fair market value of its investments. Total working capital including the investment market value adjustment was $13,783,191 (2002 - $15,459,756). The reduction in working capital in 2003 was mainly attributable to a cash payment of $9,279,975 that pertained to the merger whereby the Company's interest in Meliadine West increased from 22 percent to 78 percent. This reduction was partially offset by cash flow from oil and gas operations.

The Company engaged the services of Sproule Associates Limited to prepare a reserve evaluation with an effective date of January 1, 2004. The reserves are located in the Province of Alberta. The majority of the Company's production is comprised of natural gas. Comaplex's main natural gas producing properties are the Harmattan Elkton and Garrington Elkton Units. The gross figures in the following charts represent the Company's ownership interest before royalties and the net figure is after royalties.

Summary of Oil and Gas Reserves as of December 31, 2003 (Forecast Prices and Costs)

	Reserves			
	Natural Gas		Natural Gas Liquids	
Reserve Category	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
Proved developed producing	2,579	2,005	85	60
Probable	719	495	24	16
Total proved plus probable	3,298	2,500	109	76

Reconciliation of Company Gross Reserves by Principal Product Type (Forecast Prices and Costs)

	Natural Gas		
(MMcf)	Gross Proved	Gross Probable	Gross Proved Plus Probable
December 31, 2002	4,048	—	4,048
Technical revisions	(1,034)	719	(315)
Production	(435)	—	(435)
December 31, 2003	2,579	719	3,298

Summary of Net Present Values of Future Net Revenue as at December 31, 2003 (Forecast Prices and Costs)

	Net Present Value of Future Net Revenue				
	Before and After Income Taxes Discounted at (%/year)				
($000's)	0	5	10	15	20
Reserve Category					
Proved developed producing	8,476	6,886	5,810	5,046	4,480
Probable	2,597	1,439	917	648	494
Total proved plus probable	11,073	8,325	6,727	5,694	4,974

Commodity prices used in the above calculations of reserves are as follows:

	Edmonton Par Price	Alberta Plantgate Index	Propane	Butane	Pentane
Year	(Cdn $ per barrel)	(Cdn $ per MCF)	(Cdn $ per barrel)	(Cdn $ per barrel)	(Cdn $ per barrel)
2004	37.99	5.81	28.04	31.15	38.91
2005	34.24	5.15	22.56	25.52	35.07
2006	32.87	4.59	20.58	23.28	33.67
2007	33.37	4.71	20.89	23.63	34.17
2008	33.87	4.80	21.20	23.98	34.69
2009	34.38	4.88	21.52	24.34	35.21
2010	34.90	4.98	21.85	24.71	35.74
2011	35.43	5.05	22.18	25.08	36.28
2012	35.96	5.14	22.51	25.46	36.83
2013	36.50	5.24	22.85	25.85	37.38
2014	37.05	5.34	23.20	26.24	37.95
2015	37.61	5.43	23.55	26.63	38.52

Crude oil, natural gas and liquid prices escalate at 1.5% per year thereafter.

The following exploration programs were conducted on the Company's mineral projects. Total exploration and administrative costs incurred by Comaplex in 2003 were as follows:

Property	Amount ($)
Meliadine	956,777
Caballo Blanco, Mexico	424,605
Other	160,882
Total	1,542,264

In addition the Company incurred cash costs of $9,385,474 including legal and other expenses and issued 5,200,000 common shares with a value on announcement of $15,308,600 on the merger with WMC International Limited which resulted in Comaplex increasing its interest in the Meliadine West property to 78 percent.

The Company has no contractual obligations that last more than a year other than its requirement to make option payments on the Meliadine property as follows:

Date	Payment
Jan 1, 2004	500,000
Jan 1, 2005	500,000
Jan 1, 2006	1,500,000
Jan 1, 2007 etc.	1,500,000 plus a CPI adjustment

The Company's authorized capital consists of an unlimited number of common shares without nominal or par value as well as an unlimited number of first preferred shares. As of December 31, 2003 no first preferred shares have been issued. A summary of the issued status of the common shares and changes for the years ended December 31 follow:

	2003		2002	
	Number	Amount ($)	Number	Amount ($)
Balance, beginning of year	**29,356,400**	**17,229,024**	29,356,400	17,229,024
Issued pursuant to private placement	**1,500,000**	**4,125,000**	—	—
Issued on merger with WMC International Limited	**5,200,000**	**15,308,600**	—	—
Future tax adjustment on flow-through shares issued as part of the above merger transaction	**—**	**(1,895,000)**	—	—
Issue costs on private placement	**—**	**(301,704)**	—	—
Future tax adjustment on share issue costs	**—**	**114,345**	—	—
Balance, end of year	**36,056,400**	**34,580,265**	29,356,400	17,229,024

The Company entered into a bought deal private placement for 1,500,000 special warrants ("Special Warrants") at a price of $2.75 per Special Warrant, for gross proceeds of $4,125,000. Each Special Warrant was exchangeable, for no additional consideration, into one common share of the Company. The Common Shares were subject to a four month hold period from the date of distribution of the Special Warrants.

Fifty percent of the Special Warrants were converted on August 12, 2003. The proceeds relating to the remaining Special Warrants of $2,062,500 were deposited into escrow with a trustee to be held until the completion of the transaction between the Company and WMC International Limited. The balance of the proceeds was received on October 8, 2003 upon completion of the above noted transaction and the remaining 750,000 Common Shares were issued on that date.

The Company provides a stock option plan for its directors, officers, employees and consultants. Under the plan, the Company may grant options for up to 2,700,000 shares of common stock. The exercise price of each option granted equals the market price of the Company's stock on the date of grant and the option's maximum term is five years. Options vest one-third each year for the first three years of the option term.

A summary of the status of the Company's stock option plan as of December 31, 2003 and 2002, and changes during the years ending on those dates is presented below:

	2003		2002	
	Options	Weighted Average Exercise Price ($)	Options	Weighted Average Exercise Price ($)
Outstanding at beginning of year	**1,587,000**	**1.62**	1,908,000	1.61
Options issued	**1,702,000**	**1.27**	—	—
Options expired	**(1,587,000)**	**1.62**	(126,000)	1.40
Options cancelled	**(90,000)**	**1.25**	(195,000)	1.65
Outstanding at end of year	**1,612,000**	**1.28**	1,587,000	1.62
Options exercisable at end of year	**—**	**—**	1,587,000	1.62

The following table summarizes information about fixed stock options outstanding at December 31, 2003:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices ($)	Number Outstanding At 12/31/03	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price ($)	Number Exercisable At 12/31/03	Weighted-Average Exercise Price ($)
1.25	1,597,000	3.2 years	1.25	—	—
4.00	15,000	3.3 years	4.00	—	—
1.25 to 4.00	1,612,000	3.2 years	1.28	—	—

The Company accounts for its stock based compensation plan using intrinsic values. On this basis no costs are recognized in the financial statements for share options granted to employees and directors when the options are issued at prevailing market prices. For fiscal years beginning on or after January 1, 2002, Canadian generally accepted accounting principles require disclosure of the impact on net earnings using the fair market value method for stock options issued on or after January 1, 2002. Had the fair value method been used, the Company's net earnings and net earnings per share amounts for the years ended December 31, 2003 and 2002 would approximate the following proforma amounts:

For the years ended	December 31, 2003	December 31, 2002
Net Earnings ($)		
As reported	**2,709,622**	393,734
Proforma	**2,299,536**	393,734
Net earnings per share ($ per share)		
Basic and Diluted		
As reported	**0.09**	0.01
Proforma	**0.08**	0.01

The fair value of these options was estimated at the date they were granted using the Black-Scholes option pricing model with the following key assumptions:

Weighted-average risk free interest rate (%)	3.85
Dividend yield (%)	0.00
Expected life (years)	3.78
Weighted-average volatility (%)	70.05

Effective January 1, 2004, the Company will be required to report all stock options using the fair value method. The Company will retroactively restate its financial information back to 2002. The impact to the December 31, 2003 financial information is as follows:

	Increase (Decrease)
Contributed surplus	410,086
General and administrative expense	410,086

Business Prospects, Risks, and Outlooks

There are a number of risks associated with the natural resource business. These risks, among others, include the effects of changing market conditions including price fluctuations for commodities, the uncertainty of finding sufficient reserves for economic production, competition amongst mineral companies for viable projects, the risks inherent in drilling operations, and increasing environmental requirements.

While the Company cannot control the effects of market fluctuations, risks can be minimized or reduced in some areas. The Company reduces risks by high grading prospects through extensive geological analysis prior to drilling programs, by maintaining stringent safety standards and appropriate liability coverage during drilling, by ensuring the Company is properly financed and has adequate working capital, by marketing its gas through both long term gas sales contracts and spot price market sales, and by entering into future price agreements for a portion of its gas production for future periods.

MANAGEMENT'S RESPOBNSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Deloitte & Touche LLP have been appointed by the shareholders to serve as the Company's external auditors. They have examined the financial statements and provided their auditors' report. The audit committee has reviewed these financial statements with management and the auditors, and has reported to the Board of Directors. The Board of Directors has approved the financial statements as presented in this annual report.

George F. Fink
President and CEO

Garth E. Schultz
Vice President, Finance and CFO

AUDITORS' REPORT

To the Shareholders of Comaplex Minerals Corp.:

We have audited the consolidated balance sheets of Comaplex Minerals Corp. as at December 31, 2003 and 2002 and the consolidated statements of earnings and retained earnings and of cash flow for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and 2002, and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Calgary, Alberta
March 26, 2004

Chartered Accountants

CONSOLIDATED BALANCE SHEETS

As at December 31 $	2003	2002
ASSETS		
Current		
Cash	**2,476,883**	1,989,431
Accounts receivable	**228,365**	798,064
Loan receivable (Note 2)	**3,750,000**	—
Prepaid expenses	**244,518**	114,527
Investments (at cost; quoted market value at December 31, 2003 – $7,571,043 December 31, 2002 – $5,128,136)	**1,628,408**	717,682
	8,328,174	3,619,704
Loan receivable (Note 2)	**—**	8,000,000
Future income tax asset (Note 5)	**4,262,070**	—
Property and equipment (Note 3)		
Property and equipment	**30,376,286**	13,356,543
Accumulated depletion, depreciation and amortization	**(4,996,723)**	(4,421,413)
	25,379,563	8,935,130
	37,969,807	20,554,834
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**487,618**	570,402
Future site restoration	**108,877**	108,509
Future income tax liability (Note 5)	**—**	2,563,474
	596,495	3,242,385
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	**34,580,265**	17,229,024
Contributed surplus	**954,560**	954,560
Retained earnings (deficit)	**1,838,487**	(871,135)
	37,373,312	17,312,449
	37,969,807	20,554,834

On behalf of the Board:

Director

Director

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years Ended December 31	$	2003	2002
REVENUE			
Minerals division			
Mineral property options		**500,000**	517,125
Interest and other		**419,216**	423,792
		919,216	940,917
Oil and gas division			
Oil and gas sales, net of royalties of $900,462 (2002 – $703,421)		**2,143,154**	1,998,519
Production costs		**(376,396)**	(415,930)
Alberta royalty tax credits		**186,374**	127,539
Other income		**252,339**	107,993
		2,205,471	1,818,121
		3,124,687	2,759,038
EXPENSES			
General and administrative			
Minerals		**643,315**	531,922
Oil and gas		**62,500**	60,000
		705,815	591,922
Cash flow from operations before current taxes		**2,418,872**	2,167,116
Gain on sale of investments		**1,671,952**	528,990
Foreign exchange loss		**(13,885)**	—
Depletion, depreciation and amortization		**(674,195)**	(532,222)
Abandonment of mineral properties		**(440,332)**	(1,646,976)
		543,540	(1,650,208)
Earnings before taxes		**2,962,412**	516,908
Income taxes (Note 5)			
Current		**34,950**	3,269
Future		**217,840**	119,905
		252,790	123,174
Net earnings for the year		**2,709,622**	393,734
Deficit, beginning of year		**(871,135)**	(1,264,869)
Retained earnings (deficit), end of year		**1,838,487**	(871,135)
Net earnings per share, basic and diluted		**0.09**	0.01

Comaplex Minerals Corp.

CONSOLIDATED STATEMENTS OF CASH FLOW

Years Ended December 31 $	2003	2002
OPERATING ACTIVITIES		
Net earnings	**2,709,622**	393,734
Items not affecting cash		
Gain on sale of investments	**(1,671,952)**	(528,990)
Foreign exchange loss	**13,885**	—
Depletion, depreciation and amortization	**674,195**	532,222
Abandonment of mineral properties	**440,332**	1,646,976
Future income taxes	**217,840**	119,905
Cash flow from operations	**2,383,922**	2,163,847
Changes in non-cash operating working capital items		
Accounts receivable	**569,699**	(457,829)
Prepaid expenses	**(129,991)**	5,415
Accounts payable and accrued liabilities	**(82,784)**	260,100
	356,924	(192,314)
	2,740,846	1,971,533
FINANCING ACTIVITIES		
Increase in loan receivable (Note 2)	**(3,750,000)**	(1,250,000)
Decrease in loan receivable (Note 2)	**8,000,000**	—
Issue of shares pursuant to private placement (Note 4)	**4,125,000**	—
Cost of issuing shares (Note 4)	**(301,704)**	—
	8,073,296	(1,250,000)
INVESTING ACTIVITIES		
Acquisition of mineral properties	**(9,385,474)**	—
Mineral exploration property and equipment expenditures (Note 3)	**(1,552,989)**	(766,798)
Oil and gas property and equipment expenditures	**(320,411)**	(32,167)
Cash acquired on acquisition (Note 3)	**170,958**	—
Investments purchased	**(967,470)**	(4,000)
Investments sold	**1,728,696**	569,858
	(10,326,690)	(233,107)
Net cash inflow	**487,452**	488,426
Cash, beginning of year	**1,989,431**	1,501,005
Cash, end of year	**2,476,883**	1,989,431

Cash tax paid (see Note 5)

Years Ended December 31, 2003 and 2002

1. Significant Accounting Policies

Measurement uncertainty

The amounts recorded for depreciation and depletion of petroleum and natural gas properties and equipment and for future site restoration and reclamation are based on estimates of petroleum and natural gas reserves and future costs. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future periods could be material.

Property and equipment

Undeveloped Mineral Properties

All costs related to acquisition and exploration of mineral properties are capitalized. These costs are assessed quarterly for impairment. The costs of abandoned properties are charged to operations. When proved reserves are found, the related costs will be depleted on the unit-of-production basis. Payments received for the option to participate in the future development of mineral properties are included in revenue.

Petroleum and Natural Gas Properties and Related Equipment

The Corporation follows the successful efforts method of accounting for petroleum and natural gas properties and related equipment. Property acquisitions are capitalized and the related intangible net book value is depleted on the unit-of-production basis, calculated by field. These costs are assessed annually for impairment. The costs of dry holes and abandoned properties are charged to operations. Geological costs, lease rentals and carrying costs are charged to income as incurred. Development costs that result in additions to proved reserves are capitalized and depleted on the unit-of-production basis. Tangible equipment is depreciated on a straight line basis over ten years.

Furniture, Equipment and Other

These assets are recorded at cost and are depreciated on a straight line basis over three to ten years.

Investments

The investments are carried at the lower of cost and net realizable value.

Income taxes

The Corporation follows the liability method of accounting for income taxes under which the income tax provision is based on the temporary differences in the accounts calculated using income tax rates expected to apply in the year in which the temporary differences will reverse.

Future site restoration

The Corporation provides for abandonment costs and future site restoration over the estimated production life of its property and equipment. Estimates of these amounts are based on the anticipated method and extent of site restoration using current costs and in accordance with existing legislation and industry practice. The annual charge calculated on a unit-of-production basis is included with depletion, depreciation and future site restoration.

Stock-based compensation plan

The Company has a stock-based compensation plan, which is described in Note 4. No compensation expense is recognized for these plans when stock options are issued at the prevailing market prices. Any consideration paid by employees or directors on the exercise of theses options is recorded as share capital. For options issued after January 1, 2002, the fair values are determined and the impact on earnings is disclosed as pro forma information.

Revenue recognition

Revenues associated with sales of petroleum, natural gas and all other items are recorded when title passes to the customer.

Hedging

The Company uses derivative instruments to reduce its exposure to fluctuations in commodity prices and foreign exchange rates. Gains and losses on these contracts, all of which constitute effective hedges, are recognized as a component of oil and gas sales.

Joint interest operations

A significant portion of the Corporation's operations are conducted jointly with other parties, and accordingly, these financial statements reflect only the Corporation's proportionate interest in such activities.

Earnings per common share

Basic earnings per share are computed by dividing earnings by the weighted average number of common shares outstanding during the year. Diluted per share amounts reflect the potential dilution that could occur if options or warrants to purchase common shares were exercised. The treasury stock method is used to determine the dilutive effect of stock options and warrants, whereby proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year.

The number of shares used to calculate diluted earnings per share for the year ended December 31, 2003 of 31,812,131 (2002 – 29,356,400) included the weighted average number of shares outstanding of 31,156,400 (2002 – 29,356,400) plus 655,731 (2002 - Nil) shares related to the dilutive effect of stock options.

2. Loan Receivable

The loan due from Comstate Resources Ltd. (Comstate), a company having common directors and management, is unsecured, has no specified terms of repayment but must be paid upon demand and bears interest at three-quarters of a percent less than the prime lending rate for Canadian chartered banks. As part of the agreement to borrow the funds, Comstate must maintain a line of credit sufficient to repay the balance upon demand. In 2002 the Corporation classified the loan receivable as long-term as there was no intention at the time of reporting the 2002 results of demanding the loan in 2003. In 2003, the Corporation earned interest of $256,587 (2002 - $269,346) from this loan.

3. Property and Equipment

$	2003		2002	
	Cost	Accumulated Depletion, Depreciation & Amortization	Cost	Accumulated Depletion, Depreciation & Amortization
Undeveloped mineral properties	**22,549,853**	**—**	5,762,727	—
Petroleum and natural gas properties and related equipment	**7,643,007**	**4,830,816**	7,421,114	4,272,511
Furniture, equipment and other	**183,426**	**165,907**	172,702	148,902
	30,376,286	**4,996,723**	13,356,543	4,421,413

During the year, $282,525 (2002 - $241,738) of general and administrative expenses related to mineral exploration were capitalized. No general and administrative expenses related to oil and gas operations have been capitalized.

The Corporation completed, on October 7, 2003, a transaction with WMC Resources Ltd (WMC Resources) that resulted in WMC Resources wholly owned Canadian subsidiary, WMC International Limited (WMC) becoming 100 percent owned by the Corporation. With the completion of this transaction the Corporation has control of 100 percent of WMC's Canadian exploration properties, including WMC's 56 percent interest in the Meliadine West gold property in Nunavut Territory. As a result the Corporation's combined interest in the Meliadine West gold property is now 78 percent.

The major components of the arrangement were a payment on October 7, 2003 by the Corporation to WMC of US $6,750,000 cash, 903,930 flow-through Common Shares at a price of $5.53 per Common Share and 4,296,070 of Common Shares (issued at a price of $3.95 per Common Share) of the Corporation in exchange for 100 percent of the outstanding shares of WMC and debt of WMC currently owed to WMC Resources.

The determination of the purchase price of WMC and the allocations of the net assets and liabilities of WMC based upon the

fair value of the assets acquired and liabilities assumed using a weighted average share price ($2.67) of the five days before and after the announcement date (July 16) was as follows:

	$
Cash Consideration in Canadian Equivalent	9,279,975
Value of Common Shares Issued *	13,250,654
Related Expenses and Fees	105,499
Total Purchase Price	22,636,128
Purchase Price Allocation	
Net Working Capital	48,150
Capital Assets	15,743,478
Future Income Tax Asset	6,844,500
Total Purchase Price	22,636,128

* This amount is net of $1,895,000 future tax relating to the issue of flow-through shares.

At December 31, 2003, the estimated future site restoration costs to be accrued over the life of the remaining proved oil and gas reserves are $378,000 (2002 - $391,436)

4. Share Capital

Authorized

Unlimited number of common shares without nominal or par value

Unlimited number of first preferred shares

Issued	2003		2002	
	Number	**Amount ($)**	**Number**	**Amount ($)**
Common Shares				
Balance, beginning of year	**29,356,400**	**17,229,024**	29,356,400	17,229,024
Issued pursuant to private placement	**1,500,000**	**4,125,000**	—	—
Issued on merger with WMC International Limited (Note 3)	**5,200,000**	**15,308,600**	—	—
Future tax adjustment on flow-through shares issued as part of the above merger transaction (Note 3)	**—**	**(1,895,000)**	—	—
Issue costs on private placement	**—**	**(301,704)**	—	—
Future tax adjustment on share issue costs	**—**	**114,345**	—	—
Balance, end of year	**36,056,400**	**34,580,265**	29,356,400	17,229,024

The Corporation entered into a bought deal private placement for 1,500,000 special warrants ("Special Warrants") at a price of $2.75 per Special Warrant, for gross proceeds of $4,125,000. Each Special Warrant was exchangeable, for no additional consideration, into one common share of the Corporation. The Common Shares were subject to a four month hold period from the date of distribution of the Special Warrants.

Fifty percent of the Special Warrants were converted on August 12, 2003. The proceeds relating to the remaining Special Warrants of $2,062,500 were deposited into escrow with a trustee to be held until the completion of the transaction between

the Corporation and WMC International Limited (See Note 3). The balance of the proceeds was received on October 8, 2003 upon completion of the above noted acquisition and the remaining 750,000 Common Shares were issued on that date.

The Corporation provides a stock option plan for its directors, officers, employees and consultants. Under the plan, the Corporation may grant options for up to 2,700,000 shares of common stock. The exercise price of each option granted equals the market price of the Corporation's stock on the date of grant and the option's maximum term is five years. Options vest one-third each year for the first three years of the option term.

A summary of the status of the Corporation's stock option plan as of December 31, 2003 and 2002, and changes during the years ending on those dates is presented below:

	2003		2002	
	Options	Weighted Average Exercise Price ($)	Options	Weighted Average Exercise Price ($)
Outstanding at beginning of year	**1,587,000**	**1.62**	1,908,000	1.61
Options issued	**1,702,000**	**1.27**	—	—
Options expired	**(1,587,000)**	**1.62**	(126,000)	1.40
Options cancelled	**(90,000)**	**1.25**	(195,000)	1.65
Outstanding at end of year	**1,612,000**	**1.28**	1,587,000	1.62
Options exercisable at end of year	**—**	**—**	1,587,000	1.62

The following table summarizes information about fixed stock options outstanding at December 31, 2003:

	Options Outstanding			Options Exercisable	
Range of Exercise Price ($)	Number Outstanding At 12/31/03	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price ($)	Number Exercisable At 12/31/03	Weighted-Average Exercise Price ($)
1.25	1,597,000	3.2 years	1.25	—	—
4.00	15,000	3.3 years	4.00	—	—
1.25 to 4.00	1,612,000	3.2 years	1.28	—	—

The Corporation accounts for its stock based compensation plan using intrinsic values. On this basis no costs are recognized in the financial statements for share options granted to employees and directors when the options are issued at prevailing market prices. For fiscal years beginning on or after January 1, 2002, Canadian generally accepted accounting principles require disclosure of the impact on net earnings using the fair market value method for stock options issued on or after January 1, 2002. Had the fair value method been used, the Corporation's net earnings and net earnings per share amounts for the years ended December 31, 2003 and 2002 would approximate the following proforma amounts:

For the years ended	December 31, 2003	December 31, 2002
Net Earnings ($)		
As reported	**2,709,622**	393,734
Proforma	**2,299,536**	393,734
Net earnings per share ($ per share)		
Basic and Diluted		
As reported	**0.09**	0.01
Proforma	**0.08**	0.01

The fair value of these options was estimated at the date they were granted using the Black-Scholes option pricing model with the following key assumptions:

Weighted-average risk free interest rate (%)	3.85
Dividend yield (%)	0.00
Expected life (years)	3.78
Weighted-average volatility (%)	70.05

5. Income Taxes

The Corporation has recorded a future income tax asset (liability). The asset (liability) relates to the following temporary differences:

	2003 Amount ($)	2002 Amount ($)
Temporary differences related to assets and liabilities	**13,277,569**	(2,622,538)
Valuation allowance	**(9,173,971)**	—
Other	**158,472**	59,064
	4,262,070	(2,563,474)

Income tax expense varies from the amounts that would be computed by applying Canadian federal and provincial income tax rates as follows:

$	2003	2002
Earnings before taxes	**2,962,412**	516,908
Combined federal and provincial income tax rates	**40.71%**	42.12%
Income tax provision calculated using statutory tax rates	**1,205,850**	217,722
Non-deductible Crown royalties	**248,574**	255,973
Non-taxable portion of capital gains	**(304,593)**	(115,850)
Resource allowance	**(165,218)**	(182,632)
Provincial tax credits and rebates	**(75,864)**	(53,719)
Rate adjustment	**(719,461)**	—
Capital tax	**34,950**	3,269
Other	**28,552**	(1,589)
Income tax expense	**252,790**	123,174

The Corporation has the following tax pools which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

	Rate of Utilization %	Amount ($)
Undepreciated capital costs	10 – 100	533,550
Foreign exploration expenses	10	1,101,545
Share issue costs	20	241,363
Earned depletion expenses (successored)	25	2,299,198
Canadian development expenses	30	21,061,844
Non-capital loss carryforward	100	6,786,485
Canadian exploration expenses (successored)	100	31,036,240
Canadian exploration expenses	100	1,952,319
		65,012,544

The ability to claim the above successored amounts is restricted to income from 56 percent of the Meliadine property obtained in the transaction with WMC.

The Corporation is contractually committed on a best efforts basis to renounce $5,000,000 of expenditures by October 7, 2005. Refer to Note 3 regarding the issuance of the flow-through shares.

Cash tax paid in 2003 was $3,000 (2002 – $5,000).

6. Related Parties

The Corporation paid a management fee to Comstate Resources Ltd., a company with common directors and management, of $210,000 (2002 - $120,000) for management services and office administration. This cost has been included in general and administrative expenses.

The Corporation owns at December 31, 2003, 174,561 (2002 – 74,561) units in Bonterra Energy Income Trust, an organization with common directors and management, with a cost $1,409,920 (2002 – $442,450) and a quoted market value of $2,705,696 (2002 – $715,786). The Corporation received distributable income of $243,560 in 2003 ($107,708 in 2002).

Also included in investments at December 31, 2003, is 277,000 (2002 – 277,000) common shares of Novitas Energy Ltd., a company with common directors and management, with a cost of $41,550 (2002 – $41,550) and a quoted market value of $263,150 (2002 – $144,040).

7. Business Segment Information

The Corporation's activities are represented by two industry segments comprised of mineral exploration activities and oil and gas production.

$	2003	2002
Gross revenue		
Mineral exploration	**919,216**	940,917
Oil and Gas	**3,295,850**	2,809,933
	4,215,066	3,750,850
Depletion, depreciation, amortization, and abandonment		
Mineral exploration	**457,336**	1,662,907
Oil and Gas	**657,191**	516,291
	1,114,527	2,179,198
Net earnings (loss) for the year		
Mineral exploration	**1,350,627**	(552,180)
Oil and Gas	**1,358,995**	945,914
	2,709,622	393,734
Property and equipment expenditures for the year		
Mineral exploration	**17,227,458**	766,798
Oil and gas	**320,411**	32,167
	17,547,869	798,965
Total assets		
Mineral exploration	**33,392,294**	16,360,247
Oil and gas	**4,577,513**	4,194,587
	37,969,807	20,554,834

8. Financial Instruments

Fair Values

The Corporation's financial instruments included in the balance sheet are comprised of accounts receivable, loan receivable and current liabilities. The fair values of these financial instruments approximate their carrying value due to the short-term maturity of those instruments.

Credit Risk

Substantially all of the Corporation's accounts receivable are due from customers in the oil and gas and mineral industries and are subject to normal industry credit risks. The carrying value of accounts receivable reflects management's assessment of associated credit risks.

Commodity Price Risk

The nature of the Corporation's operations results in exposure to fluctuations in commodity prices and exchange rates. The Corporation monitors and when appropriate uses derivative financial instruments to manage its exposure to these risks.

9. Contingent Receivable

Under the terms of the 1995 option agreement entered into between the Corporation; Cumberland Resources Ltd. (Cumberland) and WMC, WMC had the option to earn a 56 percent working interest in the western portion of the Meliadine gold property by incurring $12,500,000 in exploration expenditures. WMC will also provide all future financing requirements relating to exploration and development expenditures incurred on the property in excess of this amount. The Corporation, through its transaction with WMC, assumed this responsibility.

As at July 31, 1997, WMC had incurred $12,500,000 of eligible exploration expenditures on the West Meliadine property and therefore earned its 56 percent working interest. Subsequent to July 31, 1997, WMC incurred an additional $49,108,000 (December 31, 2002 - $45,869,000) up to the time of its merger with the Corporation. Subsequent to the merger a further $280,552 of exploration expenditures were incurred by the Corporation. As of December 31, 2003 the Corporation has a contingent receivable from Cumberland in the amount of $13,726,265 including interest. Due to the contingent nature of the amount receivable, no amount has been recorded in the financial statements of the Corporation. When the amount receivable is no longer contingent, the Corporation will record a receivable. At that time, the contingent amount of $13,726,265, at the date of the WMC transaction, will be considered to be income and the additional costs incurred by the Corporation for the benefit of Cumberland, sebsequent to the transaction, will offset capital costs.

10. Subsequent Event

On March 24, 2004, the Corporation caused its principal banker to issue an irrevocable standby letter of credit (LC) in the amount of $950,000 to the Kivalliq Inuit Association (KIA). The LC was provided to KIA as security for potential reclamation costs associated with the Meliadine West camp as well as certain other specified lands held on the Meliadine lease. Security provided by the Corporation to its principal banker consists of a commitment to maintain a balance of $1,750,000 Cdn. in the Corporations Canadian bank account.

CORPORATE INFORMATION

Board of Directors

G.J. Drummond, Nassau, Bahamas

G.F. Fink, Calgary, Alberta

C.R. Jonsson, Vancouver, British Columbia

F.W. Woodward, Calgary, Alberta

Officers

G.F. Fink – President and C.E.O.

G E. Schultz – Vice President, Finance

M.J. Balog – Vice President, Exploration

Registrar and Transfer Agent

Olympia Trust Company, Calgary, Alberta

Auditors

Deloitte & Touche LLP, Calgary, Alberta

Solicitors

Parlee McLaws, Calgary, Alberta

Tupper, Jonsson & Yeadon, Vancouver, British Columbia

Bankers

Canadian Imperial Bank of Commerce, Calgary, Alberta

Stock Listing

The Toronto Stock Exchange, Toronto, Ontario

Trading symbol: CMF

Web Site

www.comaplex.com

HEAD AND REGISTERED OFFICE

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